

(11) The Minister, on the recommendation of the Superintendent, may direct that a special audit of an investment company be made if in his opinion it is so required and may appoint for such purposes an auditor qualified pursuant to subsection (8) to conduct such audit and the expenses entailed therein are payable by the company on being approved by the Minister.

(12) It is the duty of the auditor of an investment company to report in writing to the chief executive officer and the directors of the company any transactions or conditions affecting the well-being of the company that in his opinion are not satisfactory and require rectification; and the auditor shall, at the time any report under this subsection is transmitted to the chief executive officer and the directors of the company, furnish a copy thereof to the Minister.

(13) Every investment company shall, prior to borrowing any money on the security of its bonds, debentures, notes or other evidences of indebtedness, file with the superintendent in relation to such borrowing:

(a) a prospectus which complies with the requirement of section 77 of the Canada Corporations Act; or

(b) a copy of any prospectus or document of a similar nature required to be filed with any public authority under the law of any province.

6. (1) An inspector appointed or designated in accordance with section 22 may, at any reasonable time, enter any office of an investment company or of a company which is a subsidiary of an investment company and require the person appearing to be in charge thereof to produce for inspection, or for the purpose of obtaining copies thereof or extracts therefrom, any books, records or documents relating to the business, finances or other affairs of the investment company or any company that is a subsidiary thereof that are maintained or that could reasonably be expected to be maintained at that office.

(2) An inspector shall be furnished by the Superintendent with a certificate of appointment or designation and, on entering any office pursuant to subsection (1), he shall, if so required, produce the certificate to the person appearing to be in charge thereof.

(3) The person appearing to be in charge of any office described in subsection (1) and every person found therein shall give an inspector such assistance and furnish him with such information in support of the books,

records and documents described in subsection (1) as the inspector may, for the purpose of carrying out his duties and functions under this Act, reasonably require him to give or furnish.

7. No person shall

(a) obstruct or hinder an inspector in the carrying out of his duties or functions under this Act; or

(b) knowingly make a false or misleading statement either orally or in writing to an inspector who is engaged in carrying out his duties or functions under this Act.

8. (1) No investment company shall knowingly make an investment

(a) by way of a loan to

(i) a director or officer of the company, or a spouse or child of such a director or officer, or

(ii) an individual, his spouse or any of his children under the age of twenty-one years if either the individual or a group consisting of the individual, his spouse and such children is a substantial shareholder of the company;

(b) in a corporation that is a substantial shareholder of the company; or

(c) in a corporation in which

(i) an individual mentioned in subparagraph (1) of paragraph (a),

(ii) an individual who is a substantial shareholder of the company,

(iii) any corporation that is a substantial shareholder of the company, or

(iv) a group consisting exclusively of individuals mentioned in subparagraph

(i) of paragraph (a)

has a significant interest

(2) No investment company shall knowingly hold an investment made after the coming into force of this Act that, at the time it was made, was an investment described in subsection (1).

(3) For the purposes of this section,

(a) a person has a significant interest in a corporation, or a group of persons has a significant interest in a corporation if,

(i) in the case of a person, he owns beneficially, either directly or indirectly more than ten percent, or

(ii) in the case of a group of persons, they own beneficially, either individually or together and either directly or indirectly more than fifty percent,

of the capital stock of the corporation for the time being outstanding;